

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3363-01
Bill No.: HB 1280
Subject: Workers' Compensation; Drugs and Controlled Substances
Type: Original
Date: February 12, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various	\$0 to less than \$100,000	\$0 to less than \$100,000	\$0 to less than \$100,000
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to less than \$100,000	\$0 to less than \$100,000	\$0 to less than \$100,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **St. Louis County, Jackson County, St. Charles County, Greene County, Boone County, City of St. Louis, City of Jefferson City, City of Independence, and Central Missouri State University** did not respond to our fiscal impact request.

Officials from the **Truman State University, Office of the State Courts Administrator, Departments of Conservation, Transportation, Labor and Industrial Relations, and the Office of Administration - Division of Personnel** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **University of Missouri** assume the proposal would positively impact the University although an exact fiscal impact is difficult to measure.

Officials from the **Southwest Missouri State University (SMS)** defer to the Office of Administration for the fiscal impact of this proposal as the SMS's Workers' Compensation program is administered by the Office of Administration's Central Accident Reporting Office.

Officials from the **City of Springfield (COS)** assume the proposal would not affect revenues, costs, or losses. COS assumes the proposal would result in savings although they do not have the data to accurately project the amount of savings. COS notes, for particular cases, the savings could be substantial.

Officials from the **Office of Administration - Division of General Services, Risk Management, (COA)** state the proposed changes in the proposal would allow for forfeiture of Workers' Compensation benefits if, through positive drug testing, the proximate cause of the injury results from drug use. COA assumes that the proposal would have potential cost savings for those injuries resulting from drug use that cannot be quantified at this time.

Oversight inquired of the **Office of Administration - Division of General Services, Risk Management (COA)** and found for FY 2001, there were 4,829 reported injuries to the Central Accident Reporting (CARO) program, with claims of \$14,503,230, for an average cost per claim of \$3,003. Oversight inquired of the **Department of Transportation (DHT)** and found DHT tests approximately six percent of Workers' Compensation claims for controlled substances and less than one percent test positive.

Oversight applied DHT's figures to claims paid out of the CARO program for FY 2001. In FY 2001, there were 4,829 reported injuries with an average cost per claim of \$3,003. Assuming six percent of claimants (290) were drug or alcohol tested and one percent tested positive, the savings to the state, as a result of not paying benefits, would be \$8,709.

ASSUMPTION (continued)

Oversight further inquired of the **Highway Patrol (MSHP)** and found for calendar year 2001, the average cost per Workers' Compensation claim was \$8,752. MSHP ran three tests for intoxication and none were positive.

Oversight notes the proposal does not mandate controlled substance testing after an accident and therefore assumes no costs would be associated with passage of the proposal. The potential for cost savings would depend on the number of positive drug or alcohol tests and the amount of any claim that would be denied resulting from a positive test. **Oversight** assumes any savings resulting from passage of the proposal would be the difference between the 15% reduction and the 100% reduction, per claim, and has ranged the amount from \$0 to less than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
VARIOUS STATE FUNDS			
<u>Savings</u> - Benefits Not Paid as a Result of a Positive Controlled Substance Test	\$0 to less than \$100,000	\$0 to less than \$100,000	\$0 to less than \$100,000
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>\$0 to less than \$100,000</u>	<u>\$0 to less than \$100,000</u>	<u>\$0 to less than \$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENT			
<u>Savings</u> - Benefits Not Paid as a Result of a Positive Controlled Substance Test	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

Small businesses may recognize a savings in the amount Workers' Compensation benefits paid as a result of passage of this proposal.

DESCRIPTION

This proposal deems drug use the proximate cause of any injury to an employee who, at the time of the injury, tests positive for any controlled substance, resulting in a forfeiture of all Workers' Compensation benefits.

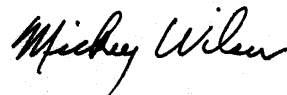
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
General Services, Risk Management
Personnel
Department of Conservation
Department of Labor and Industrial Relations
Department of Transportation
Office of the State Courts Administrator
Truman State University
University of Missouri
Southwest Missouri State University
City of Springfield

NOT RESPONDING

St. Louis County
Jackson County
St. Charles County
Greene County
Boone County
City of St. Louis
City of Jefferson City
City of Independence
Central Missouri State University



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February 12, 2002